BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION

In the Matter of Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Expedited Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon-Virginia, Inc., and for Expedited Arbitration	)))))))))	CC Docket No. 00-218

AFFIDAVIT OF KAREN KINARD

The undersigned, being of lawful age and duly sworn on oath, certifies the following:

I, Karen Kinard, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Karen Kinard

Karen Kinard

Subscribed and Sworn to before me this
8th day of November, 2001.

Roslyn A. Clayton

Notary Public

Notary Public, DeKalb County, Georgia
My Commission Expires Jan. 30, 2004

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION**

NOV 8 2001

In the Matter of Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Expedited Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon-Virginia, Inc., and for Expedited Arbitration	)))))))))	CC Docket No. 00-218

AFFIDAVIT OF MARGARET T. PEARCE

The undersigned, being of lawful age and duly sworn on oath, certifies the following:

I, Margaret T. Pearce, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Margaret T Pearce

Margaret T. Pearce

Subscribed and Sworn to before me this
7 day of November, 2001.

Heidi L. Hoke

Notary Public

My Commission Expires 11/30/04

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Attachment X
PERFORMANCE MEASUREMENTS, STANDARDS, REPORTS AND REMEDIES

ATTACHMENT X

PERFORMANCE MEASUREMENTS, STANDARDS, REPORTS AND REMEDIES

Section 1. General Requirements. This Attachment X sets forth the requirements for a measurement and reporting plan that will allow MCIm to monitor Verizon's service quality and performance. It further sets forth the terms and conditions under which Verizon shall pay remedies to MCIm in the event of a Specified Performance Breach as defined in this Attachment X. This Attachment X contains Performance Measurements, Standards, Reports and Remedies that apply to Verizon's performance under this Agreement.

1.1 **Definitions.**

1.1.1 **Performance Standards** means the target level of Verizon performance specified for each Performance Measurement. Performance Measurements contained in Exhibit A to this Attachment X specify as the Performance Standard either (i) parity with Verizon performance or (ii) a specific quantitative target (benchmark).

1.1.2 **Performance Measurements** means the list of measurements included in Exhibit A of this Attachment X. If Verizon performance reporting has been previously imposed on Verizon by the Commission or FCC, any particular measurements that are more detailed or more disaggregated than those contained in this Attachment X will substitute for the comparable measurements in this Attachment X. Any additional or more detailed measurements adopted by the Commission or FCC after this Agreement is signed will be deemed automatically added to the performance and remedy plan; however, the Parties will separately agree on associated Performance Standards.

1.1.3 **Specified Activity** means any activity performed under this Agreement for which a Performance Measurement has been established in this Attachment X.

1.1.4 **Specified Performance Breach** means the failure by Verizon to meet the Performance Standards for any Specified Activity listed in Exhibit A by any of the degrees of variance as described in Exhibit A.

1.1.5 **Submetric** means a report for each disaggregated geographic area, product type, interface type, volume type (i.e., fewer than 10 lines versus greater than 10 lines), or other differentiated category, as set forth in Exhibit A.

1.2 The Parties agree that the performance information included in the reports required by this Attachment X is Confidential Information of Verizon and, with respect to MCIm specific reports, Confidential Information of MCIm under Section [10] of Part A of this Agreement. The Parties shall use such Confidential Information solely for internal performance assessment purposes, for purposes of joint MCIm and Verizon assessments of service performance, and for reporting to the Commission, the FCC, or courts of competent jurisdiction, under cover of a protective order pursuant to Section [10] of Part A.

1.3 Verizon shall meet the Performance Standards set forth in Exhibit A of this Attachment X, except in those instances where its failure to do so is a result of: (i) MCIm's failure to perform any expressly contingent obligation; or (ii) any delay, act or failure to act by an MCIm customer. Exhibits A and B are hereby incorporated into and made a part of this Agreement and Attachment X. For purposes of this Attachment X, all references in Exhibits A and B to ''CLEC'' mean MCIm, and all references to ''(ILEC)'' mean Verizon.

1.4 Verizon shall pay MCIm in accordance with the Remedy Plan set forth in Exhibit B.

1.4.1 **Payment of Remedies.** Verizon shall pay remedies to MCIm monthly within one week after issuance of any report for which a remedy is payable. If Verizon's payment is not made in a timely manner, or is made in an incorrect amount, MCIm may, upon written notice to Verizon, set-off the amounts due against MCIm's payments to Verizon for services. If Verizon proves, and the Commission determines, that results were in error, MCIm will refund to Verizon the associated remedies payment.

1.4.2 **Remedies for Late and Incomplete Reports.** Verizon shall pay $10,000 per day for each late report, and $500 multiplied by each missing Submetric per day for incomplete reports.

1.5 Verizon and MCIm agree that remedies at law alone will not compensate MCIm for Verizon failures to meet the Performance Standard requirements, failures to install or provision services in accordance with the due dates, or for failures to provide customer usage data or other information required by this Agreement. Therefore, MCIm is entitled to seek injunctive relief and other equitable remedies (in addition to remedies provided in this Agreement, at law and through administrative process) to require Verizon to (i) cause the service ordered by MCIm to meet the Performance Standards, (ii) install or provision service ordered by MCIm within the due dates and (iii) provide customer usage data or other information required by this Agreement.

Section 2. Delivery of Reports and Data

2.1 Verizon shall not assess a separate charge for provision of the data to MCIm required by this Attachment X.

2.2 Verizon shall show MCIm results for each report month as a comparison to the Verizon retail result for the same period, with an indication, for each measurement, of where the MCIm result is lesser in quality (based upon the test for parity described in this Attachment X). Reporting to MCIm will include, for each measurement, a representation of the dispersion around the average (mean) of the measured results for the reporting period (for example, percent of 1-4 lines installed in the first day, second day, third day, and > ten days). Verizon shall report separately on its own performance for each reporting dimension as provided to: (i) its own retail customers; (ii) any of its Affiliates that provide local service; (iii) competing carriers (CLECs) in the aggregate (not including MCIm); and (iv) MCIm. Notwithstanding the definition of Affiliate in Part B, for purposes of this Attachment X, Affiliate also includes any Verizon Affiliate which purchases local service for resale, Interconnection, or Network Elements from Verizon.

2.3 Performance Measurements reporting will be disaggregated to ensure parity comparisons are meaningful. The reporting dimensions in Exhibit A indicate the disaggregation levels for each Performance Measurement, as agreed to by the Parties. Measurement data will be reported in a manner consistent with natural geographic and operational areas (i.e., by MSA and state) to allow prudent operational management decisions to be made and to avoid obscuring actual performance levels. Interval-affecting volumes will be reported separately to accurately depict Verizon performance in handling both small and large volume requests. The Parties will agree to volume thresholds that are disaggregated sufficiently to allow a meaningful comparison of Verizon's retail and wholesale performance.

2.4 Verizon shall provide performance reports to MCIm by the fifteenth day following the close of each calendar month. If the fifteenth day falls on a weekend or holiday, Verizon shall provide the reports the next business day.

2.5 If requested by MCIm, Verizon shall transmit data files of raw data supporting the monthly performance reports on the fifteenth day of the month (or the first business day following any fifteenth day which falls on a weekend or holiday) in a mutually acceptable format, protocol, and transmission media.

2.6 MCIm and Verizon will consult with one another and attempt in good faith to resolve any issues regarding the accuracy or integrity of data collected, generated, and reported pursuant to this Attachment X. In the event MCIm requests such consultation, and the issues raised by MCIm have not been resolved within 45 days after MCIm's request for consultation, then MCIm may, at Verizon's expense, conduct an independent audit of Verizon's performance measurement data collection, computing, and reporting processes. The auditor will enter into an appropriate non-disclosure agreement. MCIm may not request more than one audit per six calendar months under this Section 2. This Section 2 does not modify MCIm's audit rights under other provisions of this Agreement.

Section 3. Initial Implementation and Data Review

3.1 Verizon shall provide to MCIm a guidelines document detailing Verizon's measurement calculation methodology, business rules, exclusions, and disaggregation approach, when Verizon delivers the first report to MCIm. The guidelines document must be sufficiently detailed to allow an independent party to duplicate the report if given the total set of Verizon and MCIm raw data.

3.2 During implementation of the measurement reporting, MCIm may validate data collection, measurement result computation, report production, and related business processes. The Parties agree that such activities do not constitute an audit under the terms of the measurement plan outlined in Section 2.

EXHIBIT A

Carrier-to-Carrier Guidelines Performance Standards and Reports

[PLACE HOLDER FOR
VERIZON NEW YORK'S
NOVEMBER 8, 2001
COMPLIANCE FILING IN
NY PUBLIC SERVICE COMMISSION
CASE 97-C-0139

WORLDCOM WILL SUPPLEMENT
THE RECORD WITH THIS
COMPLIANCE FILING AS SOON
AS IT IS AVAILABLE.]

EXHIBIT B

Remedy Plan

PERFORMANCE ASSURANCE PLAN

VERIZON VIRGINIA INC.

November 2001

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APPENDICES TO PERFORMANCE ASSURANCE PLAN

PERFORMANCE ASSURANCE PLAN

I. INTRODUCTION

To ensure that Verizon Virginia Inc. ("Verizon VA") provides high-quality service to Competitive Local Exchange Carriers ("CLECs") now and after Verizon VA has gained entry into the long distance market pursuant to Section 271 of the Telecommunications Act of 1996 (the "1996 Act"), the commitments set forth in this Performance Assurance Plan (the "Plan" or "PAP") will take effect when ordered.[1] The action include, *inter* alia, the adoption of carrier-to-carrier service measurements and standards, scoring mechanisms to determine whether CLECs are receiving non-discriminatory treatment (including statistical methodologies), bill credits for unsatisfactory performance, monthly reporting requirements, and provisions for annual reviews, updates and audits. Also included are provisions for a Quality Assurance Program for Verizon VA's measures and an Exceptions Process that will allow Verizon VA to obtain, subject to Commission approval, modifications to reported service results. Under this Plan, Verizon VA will issue bill credits to CLECs if it provides unsatisfactory performance. The amount of the bill credits under this Plan will total no more that $146.20 million annually (plus the CCAP and MOE Doubling amounts).[2]

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[1] After Verizon VA obtains long distance entry, the Virginia State Corporation Commission (the "Commission") will retain the first line of authority for enforcing these commitments. The Federal Communications Commission (the "FCC") will have authority for preventing Verizon VA from future marketing in long distance should post-entry developments so warrant.

[2] Verizon VA recognizes that interconnection agreements between Verizon VA and the CLECs remain an essential part of the statutory scheme under the 1996 Act. Although the performance provisions of those agreements will be in effect during the term of the agreements, Verizon VA will engage in good faith negotiations on new performance provisions when the current interconnection agreements expire. Where an existing interconnection agreement with a CLEC in Virginia incorporates performance standards and remedies, such standards and remedies will not be unilaterally withdrawn by Verizon VA. Such standards and remedies will continue to be offered by Verizon VA in subsequent negotiations with those CLECs upon expiration of the existing agreements and similarly will be negotiated in good faith

(Continued . . .)

II. PROVISIONS OF THE PLAN

A. Measures, Methods of Analysis and Standards

1. Measures

The measures and standards in this Plan have generally been taken directly from the Guidelines for Carrier-to-Carrier Performance Standards and Reports developed in the Commission's Collaborative Committee to Investigate Market Opening Measures and cover the areas of Pre-order, Ordering, Provisioning, Maintenance and Repair, Billing and Network Performance. These measures and standards were developed after more than one year of collaborative meetings with CLECs The measures, based on New York, have also been reviewed by the Department of Justice. Accordingly, these measures and standards represent the interests of a broad body of stakeholders.

2. Methods of Analysis

Primarily, two interrelated methods will be used to monitor Verizon VA's wholesale performance to CLECs on the performance measurements. The first method is designed to measure Verizon VA's overall Section 271 performance in four categories that correspond to the methods or modes CLECs use to enter the local exchange market: Resale; Unbundled Network Elements ("UNEs"); Interconnection (Trunks); and Digital Subscriber Line ("DSL"). This is referred to as the Mode of Entry ("MOE") measurements method, and a total of $52.57 million in annual bill credits will be available to CLECs if Verizon VA provides the maximum allowable

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(. . . Continued)

with other CLECs who request negotiation of such terms and conditions.

unsatisfactory performance in all four MOE categories. (*See* Appendix A.) The MOE measurements provide a mechanism to measure the overall level of Verizon VA's service to the entire CLEC industry in the four areas.

The second method will measure Verizon VA's performance in twelve critical areas, on both a CLEC-specific and a CLEC-aggregate basis. The critical measures are: (1)OSS Interface; (2)% On Time Ordering Notification; (3)% Completed (DSL); (4a)%Missed Appointment – VZ – Total – EEL; (4b)% Missed Appointments; (5)%Missed Appointments – VZ – No Dispatch – Platform; (6) Hot Cut Performance; (7)%On-Time Performance – UNE LNP; (8)Missed Repair Appointments; (9) Mean Time To Repair; (10)% Repeat Reports within 30 days; (11)% Final Trunk Groups Blocked; and (12) Collocation.[3] This is referred to as the Critical Measures measurements method. The Critical Measures are a subset of the measures included in the MOE measurements, and a total of $56.94 million in annual bill credits will be available to CLECs if Verizon VA provides the maximum allowable out of parity performance on all twelve Critical Measures. (*See* Appendix B.) The Critical Measures cover Verizon VA's service in areas critical to the CLECs and provide a mechanism to assure that CLECs on an individual basis are receiving non-discriminatory service. All bill credits in this section are at risk each month. Any bill credits assigned to a submetric that has no activity or is under development will be divided proportionally among submetrics in that Critical Measure.

In addition, this Plan contains two "Special Provisions" sections that focuses on a number of measures that have been viewed as measuring key aspects of Verizon VA's performance after

[3] The collocation measures encompass cageless collocation.

it gains entry into the interLATA market. In order to assure that Verizon VA will provide satisfactory service in these key areas, *e.g.,* flow through, hot cuts and ordering, Verizon VA has made $36.55 million in addition to the $105.44 million available for bill credits for these measures. In addition, $16.87 million in unused bill credits will be available for certain UNE measures. (*See* Section II(E)(1)(b) infra.)

3. Standards

Each measure will be evaluated according to one of two standards. For the measures where a Verizon VA retail analog exists, a "parity" standard will be applied.[4] For those measures where no retail analogs are available, an absolute standard has been specified as a surrogate to determine whether Verizon VA is providing non-discriminatory service to the CLECs. The metrics with absolute standards are displayed in Appendix C.

B. Distribution Of The $109.66 Million Among Measurements

1. The $109.66 Million Distribution

$52.72 million in annual bill credits have been attributed to the MOE measures and have been distributed to each of the MOE categories in amounts that reflect the importance of that MOE to the local exchange competition. Each month one-twelfth (1/12) of the annual amount will be available for bill credits. (*See* Appendix A.) An analogous principle has been applied to the $56.94 million for the Critical Measures bill credits. (*See* Appendix B.)

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[4] The parity measures in the Plan fall into two categories: Measured variables and Counted variables. Measured variables are metrics of means or averages, such as mean time to repair. Counted variables are metrics of proportions such as percent in measures.

2. Reallocation of Potential Bill Credits

The Commission will have the authority to reallocate the monthly distribution of bill credits between and among any provisions of the Plan and the Change Control Assurance Plan. The Commission will give the Company 15 days notice prior to the beginning of the month in which the reallocation will occur. Any reallocation will be done pursuant to Commission order.

Bill credits of $153.23 million are available for shifting to areas deemed critical during the course of the year. (MOE Doubling is unavailable for shifting). The funds consist of:

$52.72 Million – Mode of Entry;

$56.94 Million – Critical Measures;

$36.55 Million – Special Provisions; and

$7.03 Million – Change Control Assurance Plan.

3. The Change Control Assurance Plan

A separate plan has been proposed for the Change Control process. Under the Change Control Assurance Plan, $7.03 million in bill credits will be available to CLECs for unsatisfactory performance on four Change Control metrics. However, under that Plan if the bill credit amounts due CLECs in any one plan year exceed $7.03 million, Verizon VA will use funds available for bill credits under MOE categories to pay CLECs for bill credits owing for Change Control measures, up to an additional $10.54 million. Bill credits for Change Control measures will be given priority over bill credits for MOE measures. The MOE monthly caps will not apply to the Change Control bill credits, but will continue to apply to the MOE measures.

C. MOE Scoring And Bill Credit Calculations

1. Scoring

As noted, the measures and standards for the MOE measurements have been placed into four categories: Resale, UNE, Interconnection (Trunks) and DSL. Since the 1996 Act requires that Verizon VA provide interconnection "that is at least equal in quality" to that provided to itself, and "nondiscriminatory access" to unbundled elements, each month Verizon VA will apply statistical tests, which are described in Appendix D, to Verizon VA and CLEC performance data to develop z scores, t scores or equivalent permutation scores for the measures.[5] These statistical scores will be converted into a performance score for each MOE measure as follows:

Statistical Score	Performance Score
Z <= -1.645	-2
-1.645 < Z <= -0.8225	-1
-0.8225 < Z	0

For small sample sizes of measures with a parity standard, the Permutation Test will be applied to obtain the statistical scores, which will be converted into a performance score. (*See* Appendix D.) For small sample sizes of measures with an absolute standard of 95%, a small sample size table will be applied to obtain the performance scores. Measures with absolute standards will be given a performance score of 0, -1, or -2 depending on the performance for that measure. (*See* Appendix C.)

[5] The statistical methodologies set forth in Appendix D were taken from the New York State Carrier-to-Carrier Guidelines Performance Standards and Reports in Case 97-C-0139.

Thus, for each of the measures within the four MOE categories, Verizon MA's performance will be graded 0 (no discrimination), -1 (discrimination in question), or –2 (discrimination in question). Each measure with a performance score of -1 in a given month will be subject to change, depending upon the score for that measure in the next two months. Should Verizon VA maintain a performance score of 0 for the next two months, then the score in the original month will be changed from -1 to 0. The 0 would then be used in conjunction with all of the other metrics in that MOE category to determine an aggregate score. A score of -2 in a given month will not be subject to change based upon performance in subsequent months.

The performance score for each metric will then be weighted, based upon the importance of the metric in determining whether that MOE is open to competition. (*See* Appendix A, which lists the weights for the MOE measurements.) The weighted scores will then be aggregated (averaged) by each MOE category (Resale, UNE, Interconnection and DSL), producing an overall weighted score for each of the four categories.

2. Bill Credit Calculations

If Verizon VA's overall (aggregate) performance score in the four categories falls below a minimum score in any given month, wholesale price reductions in the form of bill credits will be implemented and remain in effect for one month.[6] If an overall score falls to the maximum score or below, the maximum wholesale price reduction will be implemented. Scores between the minimum and maximum scores will also be entitled to credits pursuant to a credit table for each MOE category. (Credit Tables with the range of scores between the minimum and maximum and the applicable rates appear in Appendix A.) The bill credits payable to the

[6] The intent is that the minimum score for each MOE category corresponds to the threshold at which there is a 95% certainty that parity does not exist.

CLECs will be determined each month by dividing the amount from the table in Appendix A by the actual monthly volumes of the CLEC units in service. The measurement units for each of the MOEs is as follows:

1. UNE – Lines in service at end of month;
2. Resale – Lines in service at end of month;
3. Interconnection (Trunks) – Minutes of use in month; and
4. DSL – Lines in service at end of month.[7]

The maximum scores represent the maximum allowable out of parity condition, which would significantly limit a mode of entry as a competitively viable option. The minimum and maximum performance scores and the start point percentages are as follows:

[7] For the purpose of the Plan:

1. Lines in service for UNE means UNE-Platform lines, all types of loops and IOF, except DSL.
2. Lines in service for Resale means Resale lines plus circuits.
3. Trunks – minutes of use per month.
4. Lines in service for DSL means DSL UNE loops and line shared loops.

Mode of Entry	Minimum Mar et Ad .	Ma imum Mar et Ad .	Mar et Ad . at Minimum[8]	No. of Increments min. to ma .
UNE	-.17129	-.67000	20%	19
Resale	-.16922	-.67000	20%	19
Interconnection	-.31909	-1.0000	20%	13
DSL[9]	.-19705	-.67000	20%	19

Should Verizon VA provision performance at one half the difference (*.i.e.,* the midpoint) between the minimum and maximum scores in any of the four MOE categories for three consecutive months, the amounts in the credit tables in Appendix A for that same three-month period will be doubled for the applicable MOE category. (The midpoints for the MOEs are delineated in Appendix A.) The amounts in Appendix A will remain doubled until such time as Verizon VA achieves a score of one quarter (or greater) the difference between the minimum and maximum scores in that category in any given month. In addition, performance at the maximum score for three consecutive months in any one of the four MOE categories will result in an extension of the original duration of the UNE-P offering set forth in the Pre-filing Statement (at 8-11) for two years for every geographic area.

Appendix E provides a detailed step-by-step description of how the MOE performance scores and bill credits will be calculated and distributed to the CLECs.

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8 The "% Market Adj. At Minimum" indicates the amount of monthly bill credits that will be due to CLECs if Verizon VA trips the minimum score. For example, if Verizon VA were to score -.173 on the UNE MOE in a month, 20% of the $2,635,875 monthly amount would be due. (*See* Appendix A.)

9 The minimum and maximum market adjustment scores above for DSL have been calculated assuming PR-3-03 to be an absolute measure. However, if the provisioning interval for line sharing to CLECs is better than the absolute standard, PR-3-03 would be scored as a parity measure, and the scores would range from -.22082 to -.6700.

3. The Domain Clustering Rule

Domain Clustering will provide CLECs with an additional layer of protection under the MOE mechanism. The term Domain refers to four service quality measures, (*i.e.*, Pre-Order Ordering, Provisioning, and Maintenance and Repair)[10] that are included in the UNE, Resale and DSL MOEs. Under the Domain Clustering Rule, each Domain will be reviewed each month. If 75% or more of the respective Ordering, Provisioning, or Maintenance and Repair Domain weights are tripped, the higher of the clustering overlay or overall market score will be used to determine the market adjustments for the UNE, Resale and DSL MOEs. The same rule will apply to the Pre-Order Domain, except that the clustering overlay would be effective if all Pre-Order response time measures failed at the -2 level, in which case 75% would be used in the overlay calculations. The Domain Clustering methodologies are set forth in detail in Appendix E.

D. Critical Measures Scoring And Bill Credit Calculations

1. Scoring

Verizon VA's performance in 12 measurement categories is critical to the CLECs' ability to compete in the Virginia local exchange market. Should Verizon VA performance miss the applicable performance standards for even *one* of these twelve categories, the eligible CLECs will be entitled to bill credits. (*See* Appendix B.) The statistical tests and performance scoring mechanism described in the MOE section also apply to these measures.[11]

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10 The domains do not include billing.

11 To the extent that a Critical Measure contains more than one measure, the weights from Appendix A will be used to determine the amount of bill credits available for the individual measure.

Like the MOE scoring, each Critical Measure with a performance score of –1 in a given month will be subject to change, depending upon the score for that measure in the subsequent two months. Should Verizon VA maintain a performance score of 0 for those two months, then the score in the original month will be changed from –1 to 0. A score of –2 in a given month, however, will not be subject to change based upon performance in subsequent months.

2. Bill Credit Calculations

For each Critical Measure, Verizon VA's performance for all CLECs during a given month will be averaged. Should the resulting performance score in any one category fall to -1 or below or to a Z or t score of –0.8225 or below ("sub-standard performance"),[12] 50% of the maximum bill credits for that measure will be payable to eligible CLECs. The eligible CLECs are all those CLECs that received Sub-Standard Performance during that month (the "Aggregate Rule"). In addition, should any CLEC receive sub-standard performance for two consecutive months, bill credits for that CLEC will be implemented for the two month period, notwithstanding the fact that all CLECs on average may have received satisfactory performance during the two months (the "Individual Rule").[13]

12 The Permutations Test will be used to derive Z and t scores for measures with small sample sizes as described in the Guidelines and Appendix D.

13 If all CLECs on average received an aggregate score below -1 for both months, the individual CLEC with the below average score would be entitled to bill credits for the Critical Measure in question under the Aggregate Rule. Likewise, if all CLECs on average received an aggregate score below -1 for the first of the two months and an aggregate score above -1 for the second month, the individual CLEC with sub-standard performance during both months would be entitled to receive bill credits pursuant to the Aggregate Rule for the first month and pursuant to the Individual Rule for the second month. A CLEC is only entitled to receive Bill Credits under the Individual Rule if it receives a score of -1 or less in a Critical Measure category and the CLEC group on average received a score greater than -1 for the Critical Measure.

For performance scores between –1 and –2, or Z or t scores between –0.8225 and –1.645, the bill credits will increase by ten incremental amounts and the amounts payable to each CLEC will be in direct proportion to the amount of service that CLEC receives from Verizon VA compared to the other CLECs who received Sub-Standard Performance pursuant to the Critical Measure. For example, under Critical Measure No. 10, "% Repeat Reports within 30 days," the percent of bill credits for an unsatisfactory score would be calculated by determining the number of lines a CLEC had compared to other CLECs that received Sub-Standard Performance[14] If a score falls to the maximum level, the maximum bill credits will be implemented for the Critical Measure in question.

Appendix F provides a detailed step-by-step description of how the Critical Measures scores and bill credits will be calculated and distributed to the CLECs.

E. Special Provisions

1. UNE Measures

A number of key measures have been identified that measure aspects of Verizon VA's performance on service quality on UNE items that are viewed as essential for CLECs during the first year after Verizon VA's entry in the InterLATA market. Accordingly, additional funds will be made available for these measures under the subparagraphs described below.

a. Flow Through Measures For UNEs

Verizon VA will make an additional $7.03 million per year available for potential bill credits, which will be paid on a quarterly basis, for the following flow through UNE metrics

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[14] For Collocation – bill credits distribution will be determined by the collocation arrangements completed during month, *i.e.*, collocation arrangements completed: all arrangements including (a) physical, (b) virtual and (c) other collocation arrangements provided under tariff.

measured on a cumulative quarterly basis: OR-5-01 "% Flow Through - Total" and OR-5-03 "% Flow Through Achieved." Under this section a performance standard of 80% will apply to OR-5-01 and a performance standard of 95% will apply to OR-5-03. If at the end of any quarter Verizon VA has not achieved one of these two performance standards, it will distribute $1.76 million in bill credits. The first point of assessment will be upon Verizon VA's entry in to the interLATA market, and any bill credits due under this section will be distributed at that point in time based upon performance during the three calendar months preceding entry into the interLATA market. The bill credits will be available to all CLECs purchasing UNEs. Any amounts due will be credited based on the CLEC'[15] The scoring methodology for this measure is set forth in more detail in Appendix H

b. UNE Ordering Performance

An additional $1.41 million per month, or $16.87 million per year, will be made available for bill credits for four non-flow through UNE performance measures:

OR-1-04 % On Time LSRC < 10 lines (Electronic) – POTS
OR-1-06 % On Time LSRC ≥ 10 lines (Electronic) – POTS
OR-2-04 % On Time LSR Reject < 10 lines (Electronic) – POTS and
OR-2-06 % On Time LSR Reject ≥ 10 lines (Electronic) – POTS

Funding for these additional bill credits will come from any unused funds in a month or the six prior months. $351,450 in bill credits per metric will be distributed under this section to all CLECs ordering UNEs based on the CLEC's lines in service if performance is less than 90% on the respective measures. These credits will be distributed like the bill credits under Critical Measures, Aggregate Rule. (*See* Appendix H.)

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15 Lines in service will equal: UNE-P, UNE Loops, IOF, and EEL Loops.

c. Additional Hot Cut Performance Measures

An additional $16.87 million in new funds for bill credits will be made available for service quality related to two Hot Cut Performance Measures: PR-9-01 "% on Time Performance – Hot Cut" and PR-6-02 "Installation Quality - % Installation Troubles Reported Within 7 Days." Bill credits will be paid under this section if either of two events occurs:

(a) If for any two consecutive months, Verizon VA fails to achieve either 90% on-time performance for Hot Cuts or has greater than a 3.00% rate for I-codes for hot cuts, Verizon VA will distribute $0.703 million in bill credits to the affected CLECs. These credits will be distributed like the bill credits under Critical Measures, Aggregate Rule. If Verizon VA fails to meet either of these measures in the first month, but meets them in the second month, no bill credits will be due.

(b) If for any one month, Verizon VA fails to achieve 85% on-time performance for Hot Cuts or scores greater than a 4.00% rate for I-codes for hot cuts, Verizon VA will distribute $1.406 million in bill credits to the affected CLECs for that month. These credits will be distributed like the bill credits under Critical Measures, Aggregate Rule. (*See* Appendix H.)

2. Electronic Data Interface Measures

In order to ensure that the Electronic Data Interface ("EDI") between Verizon VA Operational Support Systems ("OSS") and the CLEC systems is providing non-discriminatory service, $12.66 million in additional funds will be made available for the measures described below.

a. % Missing Notifier Trouble Ticket PONs Cleared Within 3 Business Days

The new measure is defined as the percent of EDI missing notifier trouble ticket PONs cleared within 3 business days from the day of receipt of the trouble ticket. The elapsed time begins with receipt at the Verizon Systems Support Help Desk of a trouble ticket for the EDI missing notifiers (*i.e.*, order acknowledgement, order confirmation, order rejection, work completion, and billing completion notices) with the PONs in questions enumerated with the appropriate identification. The ticket is considered cleared when Verizon VA has either requested the CLEC to resubmit the PON or communicated the current status of the PON and provided the delayed status notifier to the CLEC. Tickets received after 5 P.M. and trouble ticket clearances sent after 5 P.M. will be considered effective on the following business day. Performance shall be reported for the week in which the trouble ticket was received. This measure has a standard of 90% and $0.703 million in additional bill credits are available per month for CLECs if this is not satisfied. In addition, this measure is subject to the requirement that no more than 5% of the orders resubmitted by CLECs at Verizon VA's request are rejected as duplicates. Verizon VA must satisfy both standards to avoid the payment of bill credits. (*See* Appendix H.)

b. % SOP To Bill Completion Within 3 Business Days

This measure is defined as the percent of orders provisioning complete in Verizon VA's Service Order Processor ("SOP") that have BCN notices within 3 business days. The source of this information is the Request Manager PON Master File. The start time is when physical completion of the order has been entered into SOP. The end time is when the BCN is time stamped in Request Manager. $0.351 million in additional bill credits will be available for this measure. (*See* Appendix H.)

F. Monthly Reports

In order to ensure that there is timely information regarding Verizon VA's performance, Verizon VA will report its performance on a monthly basis. Each month, a 8-page report will be made available to all CLECs providing service in Virginia.

A sample copy of the report appears in Appendix G. The first three pages will provide information regarding the MOE measures and will include:

1. Verizon VA actual performance to its retail customers where such measures exist and to CLECs for each metric;

2. The number of observations for Verizon VA and the CLECs for each measure (where applicable);

3. The Verizon VA standard deviation (where applicable);

4. The sampling error (where applicable);

5. The appropriate statistical scores (where applicable)[16] or the difference between Verizon VA's and the CLECs' actual performance on the measure (where applicable);

6. A performance score for each measure;

7. The weight for each measure;

8. The weighted performance score; and

9. An aggregation of the performance scores, weighted performance scores, and aggregate bill credits, if any, due under each MOE.

The fourth page will provide a listing of the Critical Measures and the bill credits, if any, that are due for these measures on a CLEC-wide basis. The fifth and sixth pages address the Special Provisions and the Change Control Measures. The seventh page will provide a summary of the total bill credits, if any, due the CLEC industry. The final page will provide the amount, if any, due the individual CLEC for the MOE and Critical Measures.[17] The monthly report will be provided within 25 days of the end of each month.

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16 A Permutations Test will be applied to small sample sizes to obtain a probability. The probability will be converted to a Z or t score, which in turn will be converted to a performance score as described in the Guidelines and Appendix D.

17 The computer model that will be used to calculate the MOE and Critical Measures bill credits will be posted on Verizon VA's Wholesale public Website.

Verizon VA will continue to provide a separate report on all measures established in the Carrier-to-Carrier ("C2C") proceeding , allowing for additions, deletions and other modifications ordered by the Commission. In addition, to the extent allowed by law, Verizon VA will make available CLEC-specific C2C electronic reports enabling those receiving the reports to evaluate performance at greater levels of detail, including but not limited to residential and business, geographic and class of service performance. The C2C reports will be made available to any CLEC requesting the reports.

Verizon VA will provide to each CLEC in a usable format the underlying data used to calculate Verizon VA's performance for that CLEC at the same time Verizon VA submits its monthly report. Such reports must also be filed with the Department's Staff.

G. Bill Credits Payment

Should Verizon VA's performance not meet the standards set forth above for the MOE and Critical Measure measurements, CLECs will receive bill credits for those MOE categories or Critical Measures scores that fall below the respective minimum levels. To the extent warranted, bill credits will appear on each CLEC's bill four months after the month in which the unsatisfactory performance has occurred. If the bill credits exceed the balance due Verizon VA on the CLEC's bill, the net balance will be carried as a credit on to the CLEC's next month's bill.

Verizon VA will issue checks in lieu of outstanding bill credits to CLECs that discontinue taking services from Verizon VA.[18]

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[18] Verizon VA will be specifically prohibited from recovering revenue losses attributable to the Performance Assurance Plan and the Change Control Assurance Plan.

H. Term Of Performance Assurance Plan

The plan will become effective when ordered by the Commission. At such time as Verizon VA eliminates its Section 272 affiliate, the parties will reconvene for purposes of reevaluating the appropriateness of the standards, measurements and corrective actions set forth in this Plan. Until such time as a replacement mechanism is developed or the Plan is rescinded, the Plan, as it may be modified before such time by the Commission and Verizon VA, shall remain in effect. (*See* Section II(J), *infra.*)

I. uality Assurance Program

Verizon VA will establish a Carrier-to-Carrier Service Quality Assurance Program after adoption of this Plan. Verizon VA will formulate a Quality Assurance Program for wholesale services that leverages the successful experience gained from a similar program used the retail environment. These procedures are being introduced to provide oversight in a systemic way to further continuous improvement in service quality reporting activities. Sampling and analysis techniques will be employed for all Domains to ensure accuracy of measurements reporting and work document. Wholesale services will be segregated along Resale, UNE Loop, and UNE-Platform categories and disaggregated further into appropriate subdivisions of wholesale products.

. E ceptions and Waiver Process

Recognizing that C2C service quality data may be influenced by factors beyond Verizon VA's control, Verizon VA may file Exception or Waiver petitions with the Commission seeking to have the monthly service quality results modified on three generic grounds. The first involves the potential for "clustering" of data, and the effect that such clustering has on the statistical models used in this Plan. The requirements of the clustering exception are set forth in Appendix D.

The second ground for filing an exception relates to CLEC behavior. If performance for any measure is impacted by unusual CLEC behavior, Verizon VA will bring such behavior to the attention of the CLEC and attempt to resolve the problem. Examples of CLEC behavior which may influence performance results include order quality; actions that cause excessive missed appointments; incorrect dispatch identification, resulting in excessive multiple dispatch and repeat reports inappropriate X coding on orders, where extended due dates are desired; and delays in rescheduling appointments when Verizon VA has missed an appointment. If such action negatively influences Verizon VA's performance on any metric, Verizon VA will be permitted to petition for relief. The petition, which will be filed with the Commission and served on the CLEC, will provide appropriate, detailed documentation of the events, and will demonstrate that the CLEC behavior has caused Verizon VA to miss the service quality target. Verizon VA's petition must include all data that demonstrates how the measure was missed. It should also include information that excludes the data affected by the CLEC behavior. CLECs and other interested parties will be given an opportunity to respond to any Verizon VA petition for an Exception. If the Commission determines that the service results were influenced by inappropriate CLEC behavior, the data will be excluded from the monthly reports.

The third ground for filing a waiver relates to situations beyond Verizon VA's control that negatively affect its ability to satisfy only those measures with absolute standards. The performance requirements dictated by absolute standards establish the quality of service under normal operating conditions, and do not necessarily establish the level of performance to be achieved during periods of emergency, catastrophe, natural disaster, severe storms, work stoppage, or other events beyond Verizon VA's control.

Verizon VA may therefore petition the Commission for a waiver of specific performance results for those metrics that have performance targets dictated by absolute standards, if the

Company's performance results do not meet the specific standard. This waiver process shall not be available for those metrics for which Verizon VA's wholesale performance is measured by comparison to retail performance (parity metrics).

Any petition pursuant to this provision must demonstrate clearly and convincingly the extraordinary nature of the circumstances involved, the impact that the circumstances had on Verizon VA's service quality, why the Company's normal, reasonable preparations for difficult situations proved inadequate, and the specific days affected by the event. The petition must also include an analysis of the extent to which the parity metrics (retail and wholesale) were affected by the subject event, and must be filed within 45 days from the end of the month in which the event occurred.

The Commission will determine which, if any, of the daily and monthly results should be adjusted in light of the extraordinary event cited, and will have full discretion to consider all available evidence submitted. Insufficient filings may be dismissed for failure to make a *prima facie* showing that relief is justified.

The resolution of a waiver exception request will occur prior to the scheduled payment period. To facilitate this, any petition seeking a waiver shall be filed within 45 days of the last day of the month in which the challenged event occurred. CLECs will have 10 days to serve and file replies to Verizon VA requested exceptions.

Verizon VA will compensate CLECs for lost interest at the "Other Customer Provided Capital" rate while an unsuccessful waiver is under review

K. Annual Review, Updates And Audits

1. Annual Review And Updates

Each year the Commission and Verizon VA will review the Performance Assurance Plan to determine whether any modifications or additions should be made. During this review, the

Department and Verizon VA will determine, among other things, whether: (1) measures and weights should be modified, added or deleted; (2) modifications should be made to the distribution of dollars at risk among the four MOE and Critical Measures categories; (3) geographic deaveraging should be adopted for reporting metric results; (4) the clustering and CLEC behavior exceptions included in Appendix D should be modified; (5) small sample size procedures should be modified; and (6) the methodologies used to calculate the bill credits should be modified[19] All aspects of the Plan, however, will be subject to review.

The annual review will not be subject to limitation, and any topic legitimately related to the Plan will be reviewed. All disputes will be resolved by the Commission. Nothing in the Performance Assurance Plan can or will diminish Commission jurisdiction over Verizon VA service.

[19] In particular, during the first annual review, the methodology used to calculate amounts due to CLECs under the Individual Rule for bill credits under the Critical Measures category will be analyzed to determine whether the rule provides for an appropriate distribution of bill credits.

The annual review process will be initiated no more than six months before the anniversary date of Verizon VA's entry into the long distance market pursuant to Section 271. Any parties will be given an opportunity to comment on any proposed modifications to the Performance Assurance Plan prior to formal Commission action. Any modifications to the Plan will be implemented as soon as is reasonably practical after Department approval of the modifications.

2. Audits

Each year, and at least four months prior to the annual review, the Staff will conduct an audit selected portions of the Plan to assess whether Verizon VA is accurately recording and reporting CLEC and Verizon VA service quality data. In addition, during the first six months after the Plan has been adopted, Staff will continue its Metric Replication project to assure that the data reported in the monthly reports accurately reflects the service quality being provided to these CLECs.[20] At the end of this six-month period, Staff will make a recommendation based on its assessment of Verizon VA's internal controls and actual metric replication results whether the metric replication project should be continued. The replication effort may be extended, as necessary, until the Commission's requirements for quality reporting from Verizon VA are satisfied.

[20] Metric Replication evaluates Verizon VA's metrics process by attempting to recreate its performance metrics using filtered data from Verizon VA's target databases. The target databases include, *inter alia,* NORD, SORD, Request Manager, EnView , CAFÉ, and NAMS. Replication relies on mathematical techniques to verify and validate Verizon VA's performance and reporting of the metrics. The objective is to recreate Verizon VA's performance metrics using the technical definitions verified and validated in the C2C proceeding.

In addition, CLECs upon a showing of good cause will have the right to challenge the accuracy of the data and/or scores related to any measure Verizon VA reports in the monthly summary reports. (*See* Appendix G.) In the event of such a challenge, Verizon VA will employ an independent outside auditor that will conduct a review of the challenged material. If the outside auditor finds that no material errors were made in the reporting of the data and/or scores, the CLEC initiating the audit will be responsible for paying all costs associated with the audit. If the CLEC's claims is sustain, Verizon VA will be responsible for the payment of such costs.

III. FULLY INTEGRATED DOCUMENT

The terms and provisions of this Plan are submitted in their entirety to the Commission for approval. This Plan represents a fully integrated statement of the commitments Verizon VA will undertake, including the payment of bill credits for unsatisfactory performance under the measures. It is not offered to the Commission for approval on a piecemeal basis.

Certificate of Service

I, Lonzena Rogers, hereby certify, that on this ninth day of November, 2001, I have caused a true and correct copy of WorldCom, Inc.'s Direct Testimony in the matter of CC Docket No. 00-218 to be served by United States Postal Service first class mail on the following:

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